

Federal Student Aid Feedback System Annual Report

COVERING THE PERIOD JULY 1, 2016 THROUGH JUNE 30, 2017

Published December 2017

Message from the Chief Operating Officer

I am pleased to present the annual report of the Federal Student Aid (FSA) Feedback System covering system activity between July 1, 2016, and June 30, 2017. Our customers are our highest priority, and we are more committed than ever to safeguarding taxpayer dollars while we enhance every aspect of the experience of 20 million annual *Free Application for Federal Student Aid* (FAFSA®) applicants and 44 million federal student loan borrowers. We are using what we have learned through the feedback system—from customers, members of Congress, and other higher education stakeholders—to benefit our customers in different ways.

We continue to work with institutions to efficiently and effectively resolve issues for our customers. In response to the increasing number of complaints about third-party debt relief companies, we are working to protect borrowers from harm caused by these bad actors. And as the data in this report indicate, too many customers are reporting complaints related to completing the FAFSA® and repaying federal student loans.

Hearing directly from students, parents, and borrowers and having the ability to directly address their concerns through operational improvements is extraordinarily beneficial for our customers. We are fully committed to delivering world-class customer service across every point of the student aid life cycle, as one would expect from the world's largest single-purpose financial service organization. We have launched major initiatives to transform how we deliver on the promise of "Funding America's Future, One Student at a Time." Work is well underway to modernize our technology infrastructure and data processing environments, laying the foundation for FSA to implement an enhanced customer experience that is consistent and customized for each student, parent, and borrower across the entire student aid life cycle. I look forward to these initiatives making a positive difference for our customers.

Sincerely,



A. Wayne Johnson, Ph.D.



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Section 1 | Background

The Federal Student Aid Feedback System was designed to give students and borrowers a simple and straightforward way to file complaints and provide feedback about federal student loan lenders, servicers, collection agencies, institutions of higher education, and the U.S. Department of Education (ED).

To develop a customer-centric system, FSA—an office within ED—engaged current and former students, borrowers, consumer advocacy groups, and other stakeholders. Since the feedback system was launched publicly in July 2016, FSA has directed student and borrower complaints to appropriate parties for timely resolution in a more systematic and efficient manner. Through valuable customer feedback, the system allows FSA to deliver better customer service, while protecting the integrity of the federal student financial aid programs.

In order to refine our analysis of the system’s data prior to publishing this report of the first full year of activity, FSA published a preliminary report in December 2016 covering complaints, positive feedback, and allegations of suspicious activity submitted through the feedback system between April 11 and Sept. 30, 2016, approximately the first six months of the system’s operation.

Because this annual report covers system activity for a full year—between July 1, 2016 and June 30, 2017—there is no comparative analysis between findings in this report and the preliminary report. Year-over-year comparative analysis, as appropriate, will be presented in future annual reports.

Section 2 | How Federal Student Aid Processes Feedback

SECTION 2.1 | TYPES OF FEEDBACK

FSA's system accepts three types of feedback:

- Complaints
- Positive feedback
- Reports of alleged suspicious activity

Customer feedback submitted through the Federal Student Aid Feedback System focuses on the federal financial aid experience and may be related to

- applying for and receiving federal student loans, grants, and work-study funds made available under *Title IV* of the *Higher Education Act of 1965*, as amended;
- experiences with federal loan servicers, collection agencies, and ED; and
- schools' participation in and administration of federal student aid programs.

Complaint

A customer's dissatisfaction with the federal financial aid experience associated with a Title IV policy, process, service, or entity where an explanation or resolution generally is expected.

Positive feedback

A compliment about an experience associated with a Title IV policy, process, service, or entity.

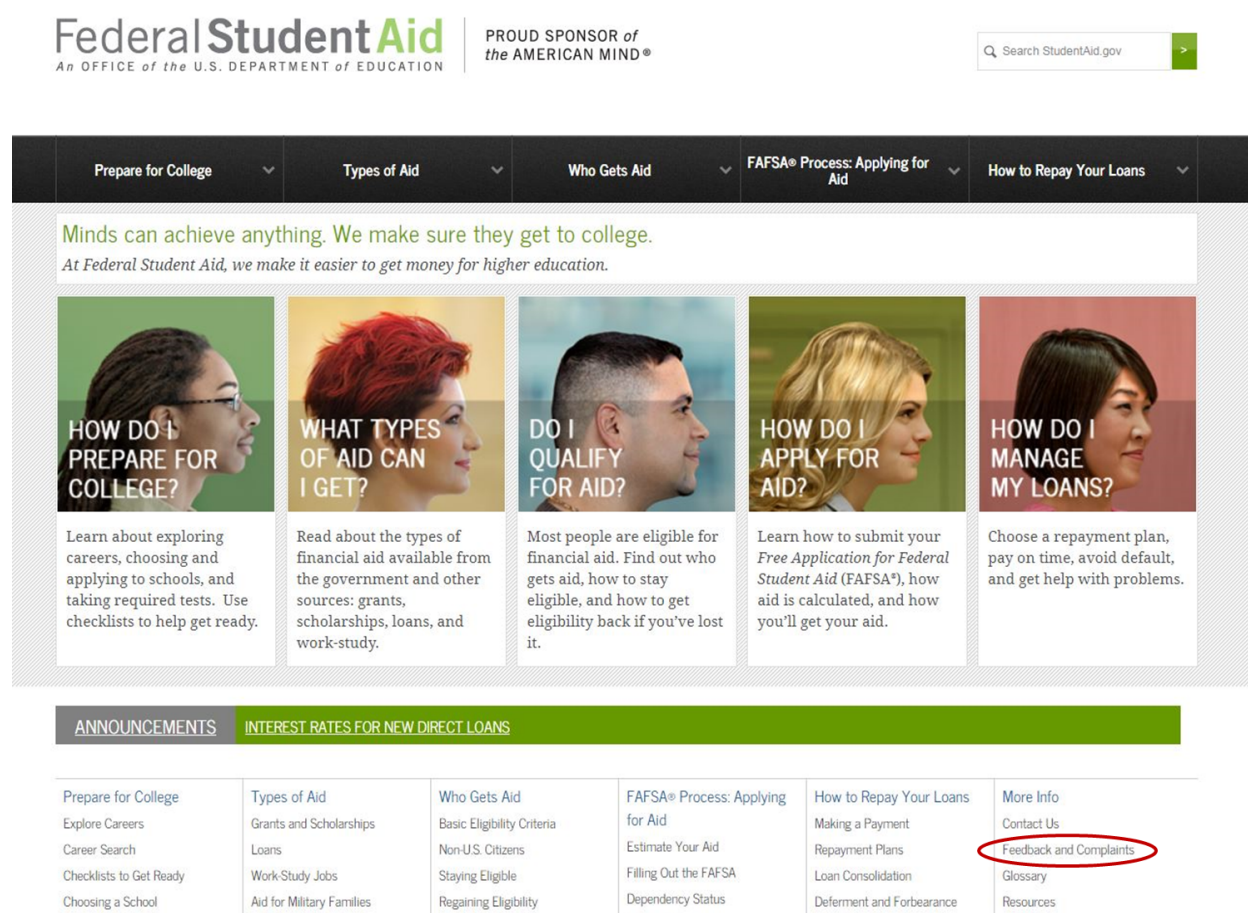
Report of alleged suspicious activity

Information reported about an entity or person that a customer thinks has violated federal laws related to federal student aid.

SECTION 2.2 | WAYS TO SUBMIT FEEDBACK

Customers can provide feedback online by visiting [StudentAid.gov/feedback](https://studentaid.gov/feedback). The system also can easily be accessed by a link on the home page of FSA's website, StudentAid.gov (Figure 1 on the following page).

Figure 1: StudentAid.gov Screenshot



While nearly half of all feedback is submitted online, customers also can submit feedback with a live agent by calling 1-844-651-0077, as well as by U.S. Mail to:

Federal Student Aid Feedback Center
P.O. Box 1966
Monticello, KY 42633.

Communication involving complaints, positive feedback, or reports of alleged suspicious activity that FSA receives by U.S. Mail or email is entered into the feedback system and tracked to resolution. Correspondence addressed to the U.S. Secretary of Education, members of Congress, and other senior officials—often referred to as “controlled correspondence”—that contain complaints and allegations of fraud also are entered into the system.

In the past year, 29 percent of feedback was submitted by phone, 15 percent was submitted by mail, and less than 10 percent was submitted by email.

SECTION 2.3 | WHO CAN SUBMIT FEEDBACK

Students, parents, borrowers, and others can submit feedback about their own experience or on behalf of someone else. For example, a consumer advocate, college access professional, or financial aid administrator can submit feedback on a student's behalf. Additionally, a member of Congress can submit feedback on behalf of a constituent.

Using an FSA ID—a username and password—to submit feedback allows for the most robust experience with the feedback system. By submitting feedback using an FSA ID, customers can easily track the status of their case online and securely transmit additional information about their case electronically. And, for customers using an FSA ID who indicate they would like a response to their feedback, they can rate their level of satisfaction with the outcome of their case.

Customers who do not use their FSA ID, but provide contact information with their submission, can provide additional information about their case (such as required documents) via U.S. Mail or by replying to an email sent from a case worker. These customers must contact the feedback system contact center to track the status of their case and are not presented an opportunity to rate their level of satisfaction with the outcome of their case.

Customers who submit anonymously are unable to track the status of their case, cannot provide or receive additional information about the case, and cannot rate their level of satisfaction with the case outcome.

SECTION 2.4 | INFORMATION COLLECTED FROM CUSTOMERS

When submitting feedback, customers are asked to describe their issue and then help categorize their submission by answering a series of questions. The customers' response to the series of questions is used to direct the submission to the appropriate entity for follow up. Customers also have the option to state their desired outcome.

FSA asks all customers to indicate if they are a member of the military, a veteran, or a dependent of a military member or veteran. FSA collects this information to ensure continued support of Executive Order 13607, signed in April 2012, which established the Principles of Excellence (POE) for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members.

ED, the Consumer Financial Protection Bureau (CFPB), and the departments of Defense (DoD) and Veterans Affairs (VA) share complaint data from military families about postsecondary education institutions that participate in the federal Title IV programs. As a result, all four agencies send respective complaint data to the Federal Trade Commission (FTC) Consumer Sentinel database. The Consumer Sentinel, a unique investigative cyber tool, allows law enforcement and compliance oversight agencies to access millions of consumer complaints submitted to various agencies. FSA submits all complaints and reports of alleged suspicious activity to the Consumer Sentinel weekly.

SECTION 2.5 | AFTER A CUSTOMER SUBMITS FEEDBACK

While the system automatically assigns a case number and directs submissions based on the customer's categorization, FSA business unit case owners review new cases to verify they were categorized and routed accurately.

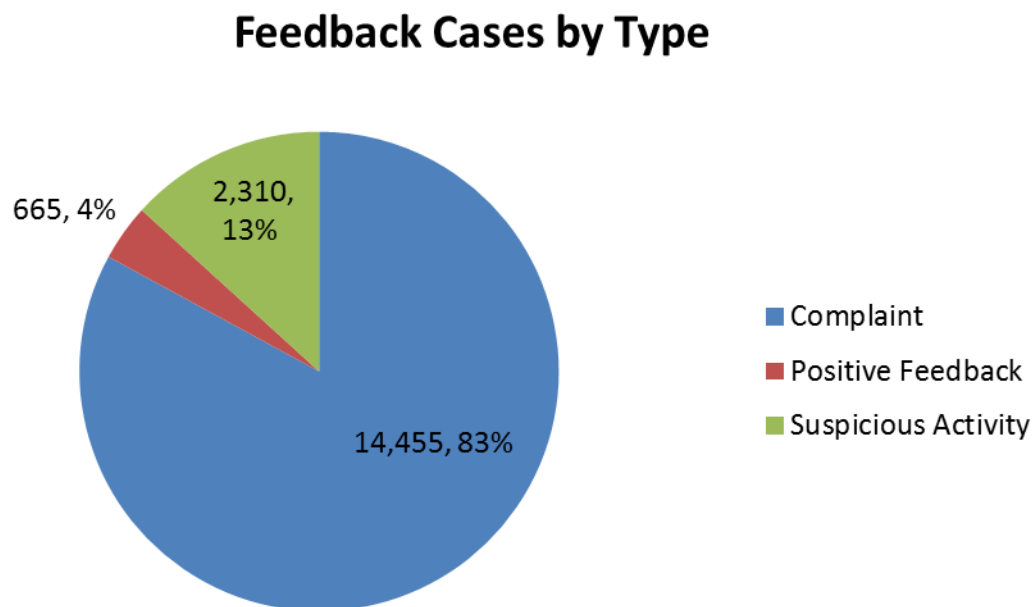
FSA aims to provide an initial contact to customer complaints (excluding anonymous submissions) within 15 days of submission and a resolution within 60 days of submission; expected timeframes are communicated to the customer. Some cases, however, may take longer than 60 days to resolve. For example, researching and resolving issues related to FAFSA verification, certain student eligibility matters, and resolving credit balances and refunds may take longer than 60 days, if an additional compliance activity—such as a program review—is warranted for resolution. A case also could take longer than 60 days to resolve because a customer may need to provide additional documentation in order for a case to be researched and resolved.

Section 3 | Our Findings

SECTION 3.1 | SUMMARY OF ALL ACTIVITY JULY 1, 2016–JUNE 30, 2017

Activity in the system between July 1, 2016 and June 30, 2017, equated to 17,430 cases¹ (Figure 2), comprised of complaints (14,455), positive feedback (665), and allegations of suspicious activity (2,310).

Figure 2: Feedback Cases by Type



Customers can submit complaints about any type of federal student aid. Cases pertaining to federally-held loans are researched and resolved through the Federal Student Aid Feedback System. Federally owned loans include all Direct Loans and Federal Family Education Loan and Federal Perkins Loan Program loans owned by ED.

Cases submitted via the feedback system about federal loans owned by commercial lenders or guaranty agencies—commonly referred to as commercially-held loans—are referred to the FSA Ombudsman Group for research and resolution.

To further centralize customer feedback, FSA began entering controlled correspondence received by U.S. Mail and email into the feedback system this year. Between July 1, 2016, and June 30, 2017, approximately 2,000 controlled

¹ Data within this report exclude cases that were identified as spam or inadvertent duplicate cases. To protect customers' privacy, data sets containing fewer than 10 records have been bundled.

correspondence cases were entered into the feedback system. FSA also began redirecting customers from the FSA Ombudsman Group to the feedback system when customers have not yet tried to address their issues directly with their school or federal loan servicer. As a neutral, informal, and confidential resource to help resolve disputes, the FSA Ombudsman Group is intended to be a final resort for resolving customer issues, which is why FSA redirects customers to the feedback system. Often, issues can be settled effectively without being escalated to the FSA Ombudsman Group.

SECTION 3.2 | CUSTOMER COMPLAINTS

Customer complaints account for 83 percent of all feedback submitted between July 1, 2016, and June 30, 2017. Customers complained about a variety of areas related to their experience with the federal student aid process, including applying for and receiving federal loans, grants, and work study funds; federal loan servicing; the collection of defaulted federal loans; and schools' administration of federal student aid programs.

This section examines

- what we know about customers who submit complaints—including demographic information and if they were applying for, receiving, or repaying aid—as well as the categories and subcategories of the complaints they submitted;
- complaints by institution type (proprietary, public, private nonprofit, and foreign); and
- complaints related to student loan servicing and private collection agencies, as well as those submitted by members of the military, veterans, or their dependents.

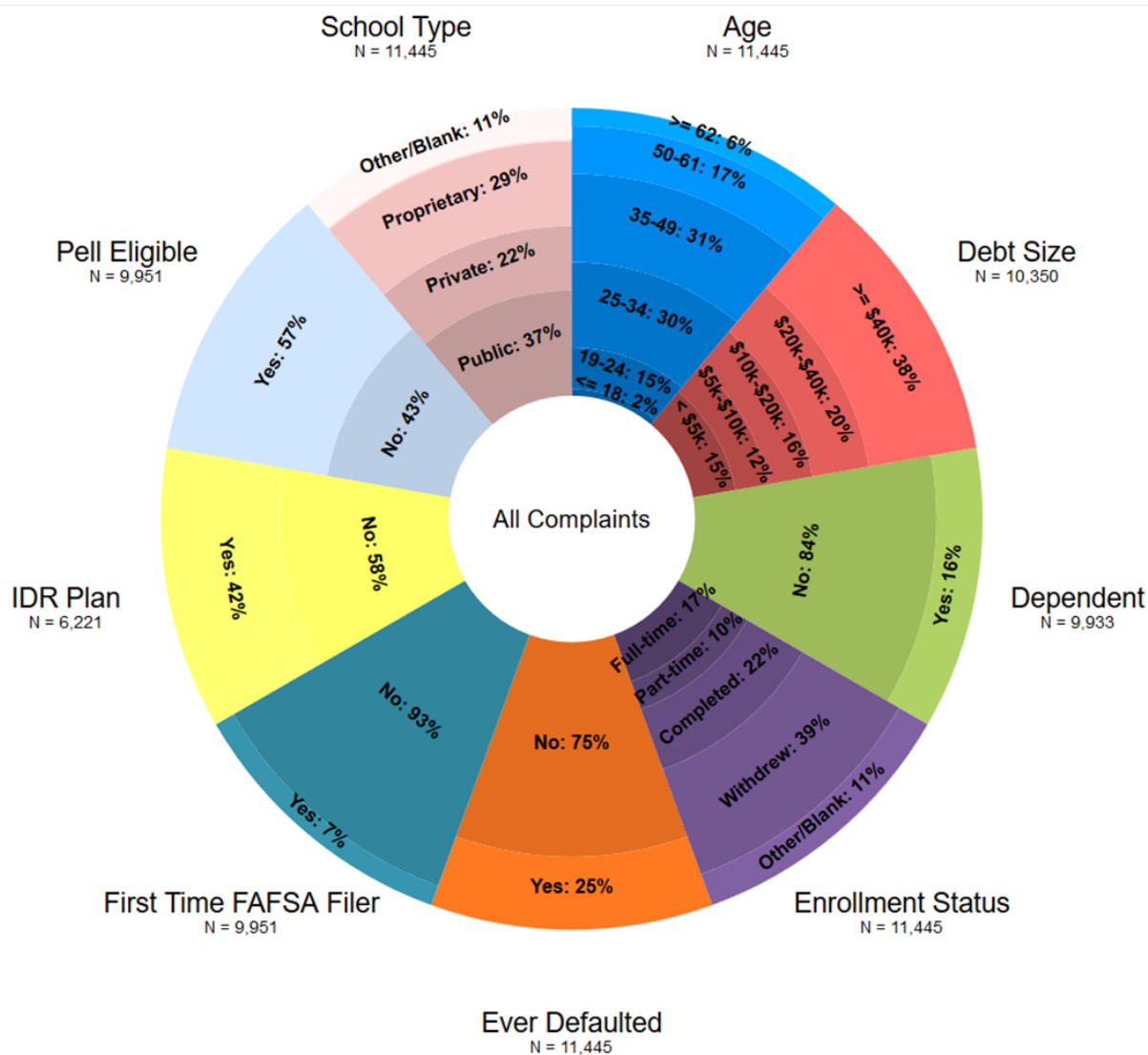
This section also analyzes data about closed cases and the resulting case actions.

Demographic Profile of Customers Who Submit Complaints

FSA leverages an important tool—FSA's Enterprise Data Warehouse and Analytics (EDWA) system—to better understand the characteristics of customers submitting complaints. Better understanding customer characteristics allows FSA to more effectively meet customers' needs by improving processes and communications. EDWA is an analytical platform that combines federal student aid life cycle data from application through repayment into a centralized repository. By overlaying data from the feedback system with information from EDWA, FSA gained some preliminary insights about the profile of customers who submit complaints in general, as well as those who submit complaints about specific topics (Figure 3).

Figure 3: Complaint Demographic Profile

Complainant Demographic Profile



FSA was able to join customers who submitted complaints using their FSA ID to their full student aid life cycle history to get a more complete picture of the characteristics of complainants. For example, FSA was able to leverage information from the customer's most recent FAFSA transaction to determine if the customer was a first-time FAFSA filer, classified as a dependent or independent student, or eligible for a Federal Pell Grant. Customers who filed complaints were more likely to be returning FAFSA applicants who were independent and Pell-eligible. In addition to characteristics such as age and federal student loan debt size, FSA was able to match customers to their most

recently reported enrollment status and school type (based on the school type that most recently disbursed federal financial aid) and determine if the customer ever defaulted on a federal student loan. For those customers in repayment who were submitting complaints, FSA assessed customers' repayment plans, specifically looking at those enrolled in income-driven repayment plans.

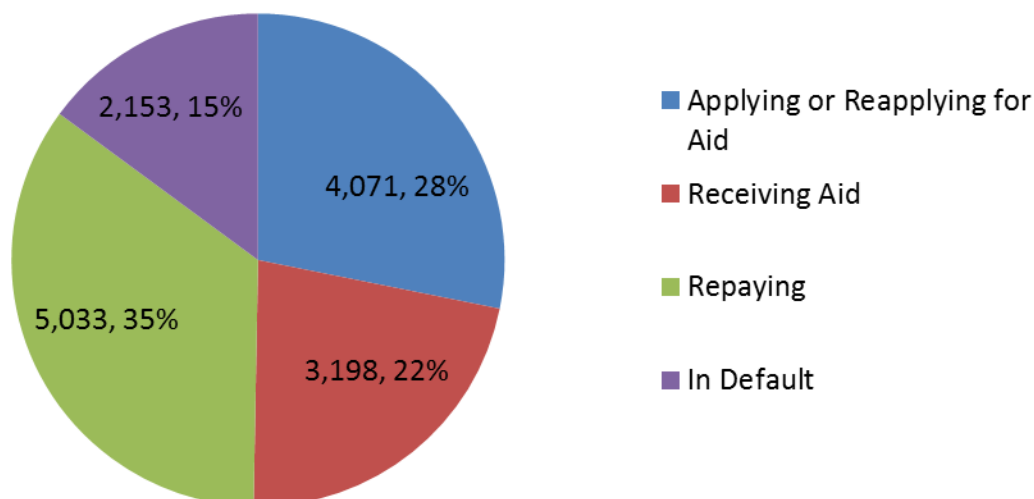
When comparing those customers who submitted complaints to the entire FSA customer population, there are some broad differences. Specifically, customers submitting complaints are much more likely to be independent students compared to the current breakdown of FAFSA filers. In the most recent FAFSA cycle, about 54 percent of applicants were considered independent compared to 84 percent of those customers who submitted complaints. Similarly, borrowers in repayment submitting complaints were much more likely to be enrolled in an income-driven repayment plan (42 percent) compared to the overall percentage of borrowers enrolled in such a repayment plan (about 26 percent). Since income-driven repayment plan borrowers tend to be high-balance borrowers, there also is a discrepancy between the debt size of customers submitting complaints and the overall borrower population. While 22 percent of all borrowers have a federal student debt exceeding \$40,000, 38 percent of all customers submitting complaints fall into this category.

Data by Life Cycle Phase

Customers submitting complaints are prompted to indicate where they are in the student aid life cycle; that is, if they are applying or reapplying for aid, receiving aid, repaying or in default. Thirty-five percent (5,033) of complainants indicated they were in the process of repaying student loans; 28 percent (4,071) indicated they were applying or reapplying for aid using the *Free Application for Federal Student Aid* (FAFSA[®]) form; 22 percent (3,198) said they were actively receiving aid; and 15 percent (2,153) indicated they were borrowers in default (Figure 4 on the following page).

Figure 4: Complaints by Life Cycle Phase

Complaints by Life Cycle Phase

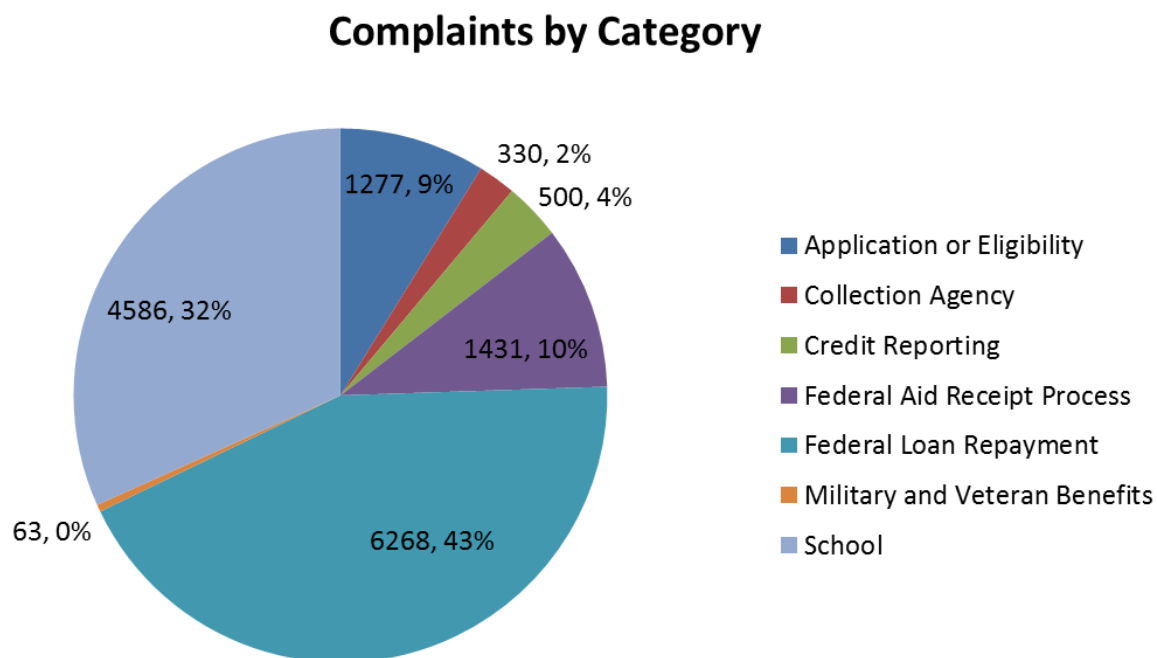


Complaint Categories and Subcategories

Customer complaints are segmented into specific categories; the categories in Figure 5 on the following page represent categories of complaints across all life cycle phases. Certain complaint categories can be selected in multiple life cycles. For example, the category “School” can be selected regardless of whether a customer is applying or reapplying for aid, receiving aid, repaying aid, or in default. As another example, borrowers in the “repaying” life cycle phase could select any of the following categories: credit reporting, federal loan repayment, military and veteran benefits or school.

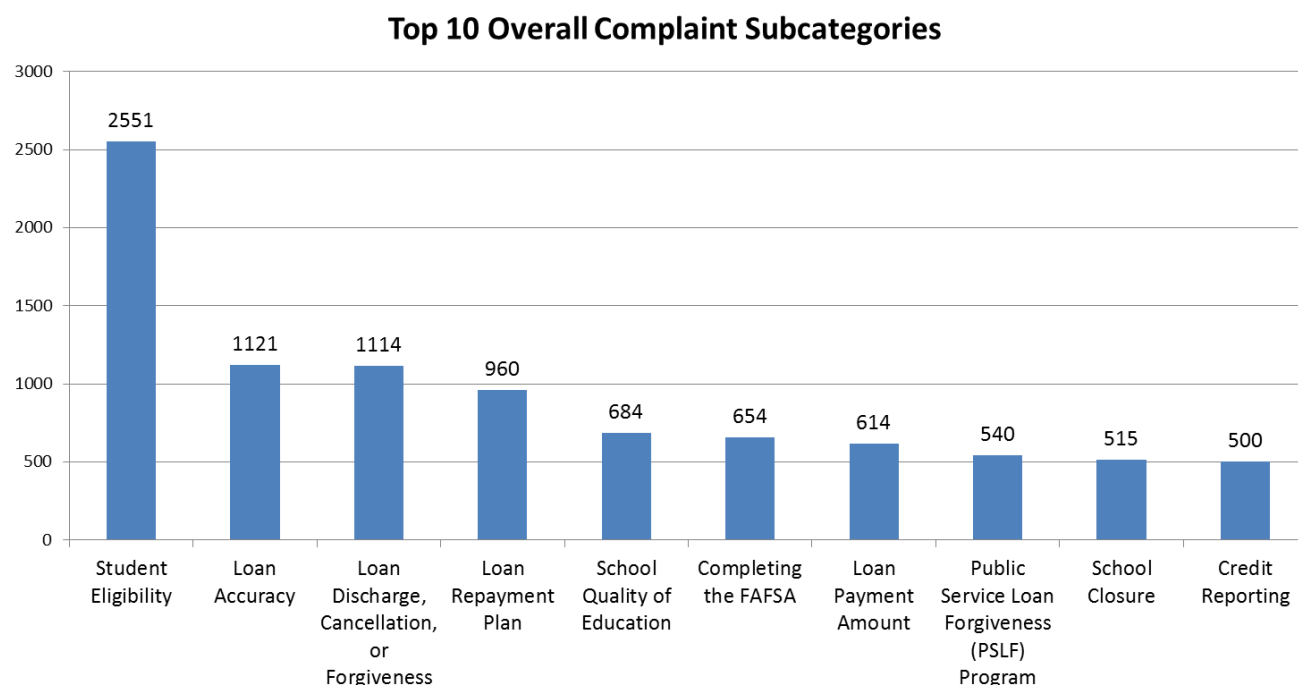
Forty-three percent (6,268) of all complaints received were categorized as related to the federal loan repayment category. Thirty-two percent (4,586) fell in the school-related complaint category, while 10 percent (1,431) were about receiving federal student aid, and nine percent (1,277) were about applying or the eligibility for federal student aid. Additionally, a combined six percent of complaints received were related to the credit reporting (500 complaints) and collection agencies (330 complaints) categories,

Figure 5: Complaints by Category



Most complaint categories (except “Credit Reporting” and “Military and Veteran Benefits”) are further segmented into more specific subcategories. For example, in the category “Federal Aid Receipt Process,” the customer’s specific complaint subcategory could be about “Delays Receiving Aid” or the “Loan Disbursement (Pay Out) Process.” The 10 most frequently submitted complaint subcategories ranged from student eligibility (2,551 total complaints) to credit reporting (500 complaints) (Figure 6 on the following page).

Figure 6: Top 10 Overall Complaint Subcategories



Customers often use the “Student Eligibility” subcategory to classify complaints or referrals covering a broad array of issues related to a student’s application and/or qualifications for Title IV eligibility to receive or continue receiving Title IV funds. Cases in this subcategory sometimes include FSA customer complaints that result from a school determining that a student’s high school transcript is invalid, making the student ineligible for federal student aid. Cases in the “Student Eligibility” subcategory also could include complaints by customers who are being required by their current school to submit all official academic transcripts from one or more previously attended schools to clear an unusual enrollment history flag. Other examples of complaints that may fall in the “Student Eligibility” subcategory include complaints from customers ineligible to receive further Title IV aid due to failing to meet satisfactory academic progress standards and complaints about schools’ requests for documents to complete the FAFSA verification process.

By analyzing EDWA and feedback system data system together, FSA has learned the largest portion of customers who submitted a complaint about student eligibility is between 25 and 34 years old, is an independent student, has filed the FAFSA form in multiple years, is eligible to receive Federal Pell Grant Program (Pell Grant) funds, most recently received federal student aid from a public institution, and is either enrolled full-time or has withdrawn from a program of study with no current enrollment.

School-related Complaints

Figure 5 on page 13 shows that nearly one-third of all complaints are categorized as “school” complaints. In addition to those complaints, this analysis of school-related complaints also includes complaints in the Application or Eligibility, Military or Veteran Benefits, and Federal Aid Receipt categories in which a school is identified by the customer.

Complaints categorized as “School” by customers could, for example, involve a balance a student owes to a school, concerns that an institution is not disbursing aid in a timely manner, or a school’s refusal to release an academic transcript.

School-related complaints also could involve concerns related to institutions that close or lose Title IV eligibility, as well as referrals and complaints about the quality of education received at a school.

School-related complaints are segmented by school type: proprietary (also referred to as “for-profit”), public, private nonprofit, and foreign. Complaints in this category are described by school type, rather than by school name, due to student privacy concerns associated with the small number of complaints at many schools. In Figure 7 on the following page, the blue bar indicates the percentage of all school-related complaints for each school type, while the red line indicates the percentage of federal loans and grants each school type distributed in Award Year (AY) 2015–16² (July 1, 2015–June 30, 2016).

² Disbursement information for AY 2016–17 (July 1, 2016–June 30, 2017) is not mature enough to include in this report.

Figure 7: School-related Complaints by School Type

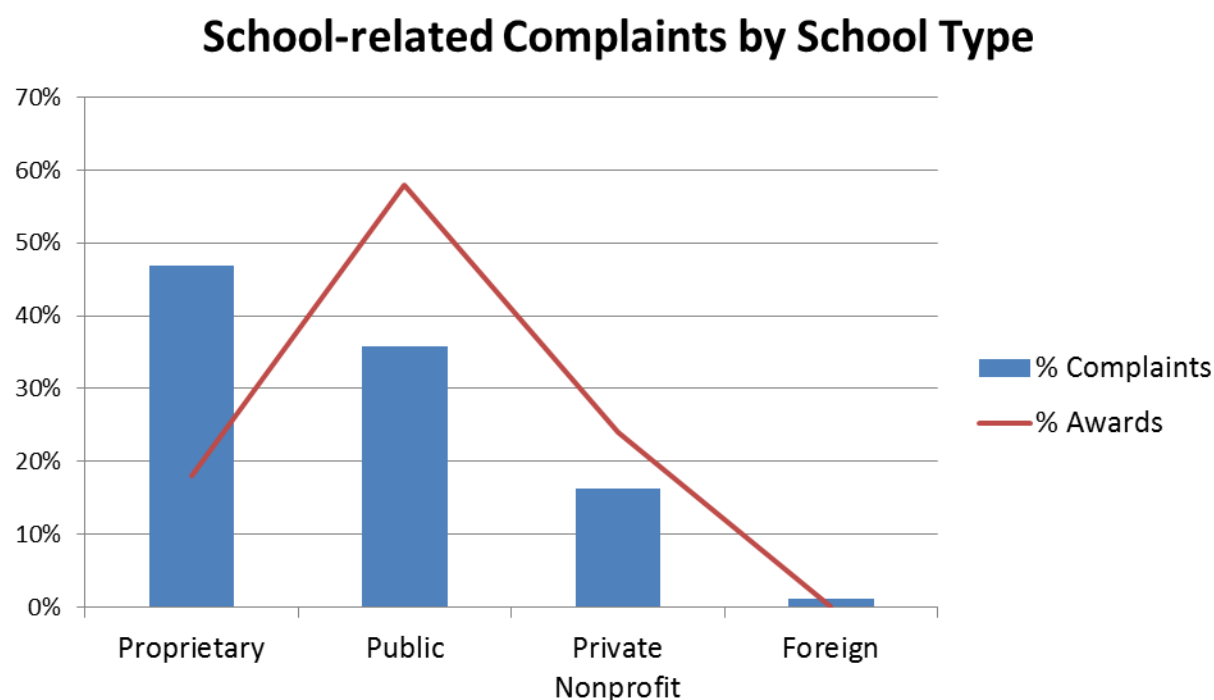


Figure 7 shows that proprietary schools accounted for the largest percentage—47 percent (2,895)—of school-related complaints, while accounting for the third-largest percentage of awards distributed in AY 2015–16. Thirty-six percent (2,210) of all school-related complaints were from students who attended public schools, which accounted for more than half (58 percent) of awards distributed in AY 2015–16. Private nonprofit schools accounted for 16 percent (998) of all school-related complaints and 24 percent (the second-highest) of federal loans and grants disbursed in AY 2015–16. One percent (69) of school-related complaints involved foreign schools, which account for less than one percent of awards disbursed in AY 2015–16. Because of privacy concerns with small data sets, further analysis about complaints related to foreign schools has been omitted.

The subcategory “Student Eligibility,” by far, received the most complaints (2,510) of all school-related complaints. As discussed previously, this subcategory often is used as a catch-all when customers are complaining about a broad range of issues. A closer examination of “Student Eligibility” complaints reveals that 46 percent of school-related “Student Eligibility” complaints were from students attending public institutions; 37 percent from students attending proprietary schools; and 17 percent from students attending private nonprofit institutions.

Figure 8 shows the top school-related complaint subcategories, excluding “Student Eligibility.” Students at public institutions also disproportionately submitted complaints about issues related to FAFSA verification and satisfactory academic progress.

Figure 8: Top 10 School-related Complaint Subcategories by School Type

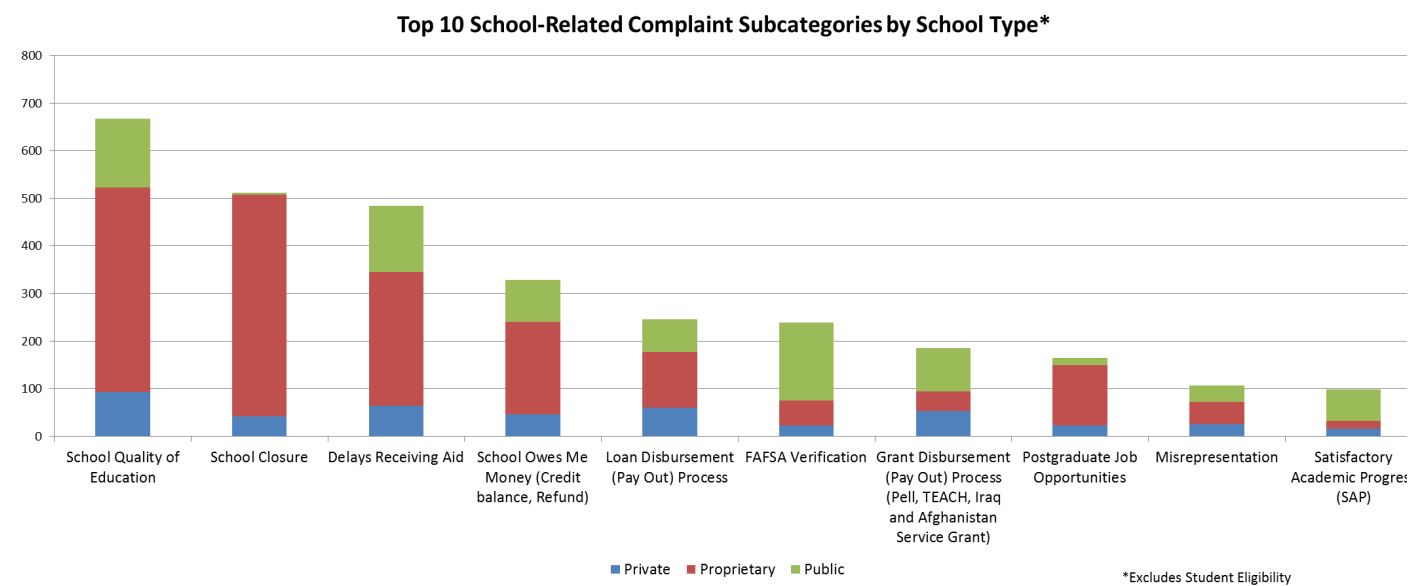


Figure 8 also indicates that students at proprietary institutions were much more likely to complain about school quality of education, school closure, issues related to credit balances and refunds, postgraduate job opportunities, misrepresentation, and delays receiving aid.

Using feedback system and EDWA data, FSA knows the typical customer who submitted a complaint about delays in receiving aid is between 25 and 34 years old, is an independent student, has filed the FAFSA form more than once, is eligible to receive Pell Grant funds, most recently received federal student aid from a proprietary institution, and is enrolled full-time in a program of study.

Outside of student eligibility, the most-selected complaint subcategories at private nonprofit schools were school quality of education, delays receiving aid, loan disbursement process, and grant disbursement process. However, with the exception of grant disbursement process complaints, these subcategories were still reported less often than expected based on the number of federal financial aid awards at private nonprofit schools.

Loan Servicing-related Complaints

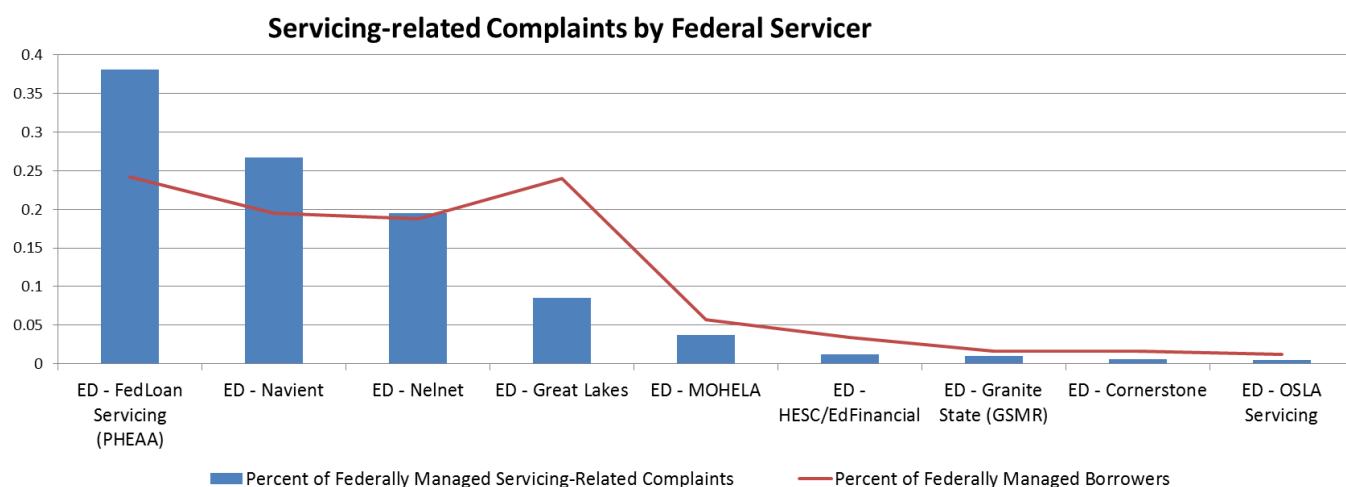
FSA contracts with several entities to manage the servicing of federal student loans. These entities are responsible for advising borrowers about resources and benefits to better manage their federal student loan obligations, responding to customer service inquiries, billing and collecting payments on a loan, and performing other administrative tasks associated with maintaining a loan on behalf of ED.

Approximately 26 percent (3,742) of all complaints submitted were directly related to student loan servicing. Servicing-related complaints include complaints directed to servicers for resolution; complaints handled by FSA, but related to the servicing of student loans; and those complaints in which customers identified a servicer customer service center or website within their complaint. These complaints can span across multiple complaint categories.

Ninety percent of servicing-related cases between July 1, 2016, and June 30, 2017, were related to federally held loans, including those in the William D. Ford Federal Direct Loan (Direct Loan) Program and the FFEL Program. The remaining 10 percent of servicing-related cases were about commercially-held loans—which were redirected to the FSA Ombudsman Group for research and resolution—and private student loans, which are referred to the CFPB because such loans fall outside the authority conferred on FSA by the *Higher Education Act of 1965*, as amended.

In Figure 9 on the following page, the blue bar indicates the percent of complaints related to the servicer's management of federally-owned loans. The red line indicates the proportion of the federally-owned portfolio borrowers assigned to the Title IV Additional Servicers (TIVAS)—FedLoan Servicing (PHEAA), Navient, Nelnet, and Great Lakes Educational Loan Services, Inc.—and not-for-profit (NFP) servicers, Cornerstone, Granite State (GSMR), HESC/Edfinancial, MOHELA, and OSLA Servicing.

Figure 9: Servicing-related Complaints by Federal Servicer



PHEAA received the largest percentage of servicing-related complaints (38 percent or 1,278 complaints), while its loan servicing portfolio represents approximately 25 percent of federally managed loan borrowers, including exclusively managing special programs such as the Public Service Loan Forgiveness (PSLF) and TEACH Grant programs.

Navient received the second-largest percentage of servicing-related complaints (27 percent or 896 complaints), while its servicing portfolio is an estimated 21 percent of federally managed loan borrowers.

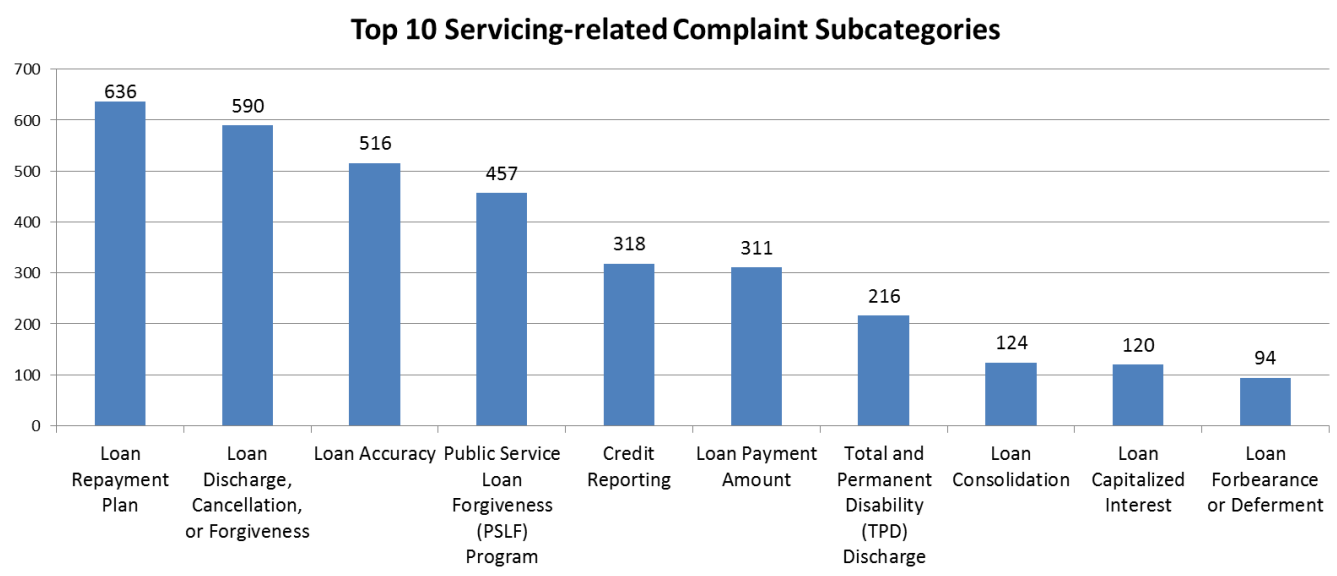
Nelnet ranked third in the percentage of servicing-related complaints submitted (19 percent or 654 complaints), while it provides servicing to 20 percent of federally managed loan borrowers. Nelnet exclusively handles total and permanent disability (TPD) discharge application and related servicing processes.

Great Lakes Educational Loan Services, Inc. received nine percent (288 complaints) of the federally managed servicer-related complaints submitted. Great Lakes services the largest portfolio, 27 percent, of federally managed loan borrowers.

Collectively, the NFPs service seven percent of the borrowers who hold federally managed loans. MOHELA, the largest of the NFPs, received the most complaints (125 or four percent) of the NFPs, while they service approximately five percent of all federally managed borrowers. All other NFPs—HESC/Edfinancial (42), GSMR (34), Cornerstone (21), and OSLA Servicing (18)—each received one percent of all loan servicing-related complaints.

Those complaints directly related to the servicing of their student loans most often were about a repayment plan (636); discharge, cancellation, or forgiveness (590); accuracy (516); PSLF (457); credit reporting (318); payment amount (311); TPD discharge (216); consolidation (124); capitalized interest (120); or forbearance or deferment (94) (Figure 10).

Figure 10: Top 10 Servicing-related Complaint Subcategories



By overlaying data from FSA's data warehouse and the feedback system, FSA knows the typical customer who submitted a complaint about a loan repayment plan is between 25 and 34 years old, owes \$40,000 or more in federal student loan debt, most recently received federal student aid from a public institution, has completed a program of study, is enrolled in an income-driven repayment (IDR) plan, and has never defaulted on a federal student loan.

Loan repayment plan complaints can include, among other things, complaints about a specific repayment plan program or about a process related to repayment plans. As the example on the following page illustrates, loan repayment plan complaints also can be about issues related to recertifying for an IDR plan.

EXAMPLE | COMPLAINT ABOUT AN IDR PLAN

The customer submitted documents to recertify for an IDR plan. The customer was told it was too soon in the process to submit them and was instructed to resubmit them again at a later date. The customer subsequently was removed from the IDR plan.

Outcome: The customer was returned to an IDR plan, the customer's loans—some on a nine-month partial financial hardship (PFH) schedule, while others were on a 12-month PFH schedule—were put on a single PFH schedule, and the capitalized interest (that accrued when the IDR recertification was denied) was reversed.

Sixteen percent of all loan servicing-related complaints were about discharge, cancellation, or forgiveness. Often, such complaints are related to issues about borrower defense to repayment, the Teacher Loan Forgiveness Program, and requesting refunds for payments or offsets made after a determined disability date.

The typical customer who submitted a complaint about loan discharge, cancellation, or forgiveness is between 25 and 49 years old, owes \$40,000 or more in federal student loan debt, most recently received federal student aid from a proprietary institution, has withdrawn from a program of study with no current enrollment, is not enrolled in an IDR plan, and has never defaulted on a federal student loan.

EXAMPLE | COMPLAINT ABOUT LOAN DISCHARGE

A borrower complained about being denied teacher loan forgiveness due to not completing five full years, although the customer's school recognized the five full years of service.

Outcome: The servicer claims department reviewed the application for loan forgiveness, verified five full years of service, and submitted the application to FSA for approval. FSA approved the customer's request for teacher loan forgiveness.

Loan accuracy also ranks among the highest subcategories for servicing-related complaints (516 cases in Figure 10 on page 20); two examples of complaints about loan accuracy are shown on the following page.

EXAMPLES | COMPLAINTS ABOUT LOAN ACCURACY

In May 2012, the customer's federal student loans were paid in full. Later in the year, the customer's servicer contacted the customer to make an additional payment because one payment had been misapplied to the customer's account.

Outcome: FSA directed the servicer to remove the interest that had accrued on the account and make the customer responsible only for the amount of the payment that had been misapplied in error.

A customer complained about incorrect loan totals after doing a loan consolidation and, as a result, inaccurate information being reported to credit agencies.

Outcome: FSA reviewed the customer's balance for accuracy and determined the loan balance was correct. In a letter, the servicer reiterated the accuracy of the customer's loan consolidation balance and credit reporting. The servicer also provided a copy of the customer's Master Promissory Note and complete payment history for the consolidation loan. The servicer advised the customer to contact the school to obtain a school ledger detailing the customer's educational expenses.

Using data from FSA's EDWA system, FSA has learned the typical customer who submitted a complaint about loan accuracy is between 35 and 49 years old, owes \$40,000 or more in federal student loan debt, most recently received federal student aid from a public institution, has withdrawn from a program of study with no current enrollment, is not enrolled in an income-driven repayment (IDR) plan, and has never defaulted on a federal student loan.

Complaints related to credit reporting rank among the top 10 most frequently selected subcategories (Figure 10 on page 20); an example of a complaint about credit reporting is shown on the following page.

EXAMPLE | COMPLAINT ABOUT CREDIT REPORTING

When the customer applied for a mortgage, and the mortgage company viewed the customer's IDR payments negatively because of how the payments appear on the customer's credit report. The customer wants the credit report corrected.

Outcome: The servicer offered to write a letter to the customer's mortgage company explaining IDR plans; the customer declined. The servicer advised the customer to consult a tax attorney regarding questions about subsidy he received during periods of deferment. Additionally, FSA issued guidance to standardize, across all 50 states and the District of Columbia, a process change that ensures that zero-dollar payments by borrowers are not viewed negatively by credit reporting agencies.

Complaints about Private Collection Agencies

When a defaulted federal student loan borrower fails to enter into a voluntary repayment agreement, ED will refer the borrower's loans to a private collection agency (PCA). PCAs are responsible for ensuring defaulted borrowers are aware of both the consequences of their failure to repay and the options available to help them get out of default. Approximately one percent (201) of all complaints was related to PCAs. Most complaints were about collection practices and wage garnishment.

EXAMPLE | COMPLAINT ABOUT PRIVATE COLLECTION AGENCIES

A customer complained a collection agency is garnishing too much money from the customer's wages. The customer requested a hearing to have the garnishment amount lowered, but the customer has not heard back about the status of the hearing.

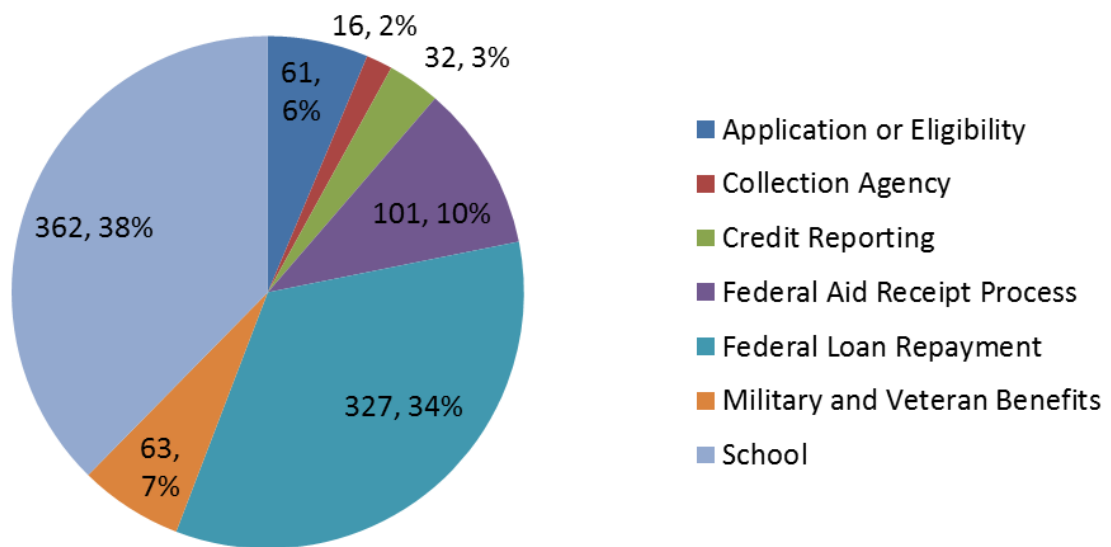
Outcome: Although the debt is enforceable in the amount being garnished, FSA suspended the garnishment order and directed the PCA to give the customer the option to avoid wage garnishment by making voluntary monthly payments in the amount of 15 percent of her disposable income or by making a payment in full. The customer was advised to contact the PCA within a specific timeframe and establish an acceptable repayment arrangement.

Complaints Submitted by Members of the Military, Veterans, or Their Dependents

Members of the military, veterans, and their dependents submitted 962 complaints or approximately seven percent of all complaints. The largest percentage—more than one-third (38 percent, 362 complaints)—pertained to schools while 34 percent (327) was about the repayment of federal student aid, and 10 percent (101) was about the process of receiving federal student aid (Figure 11).

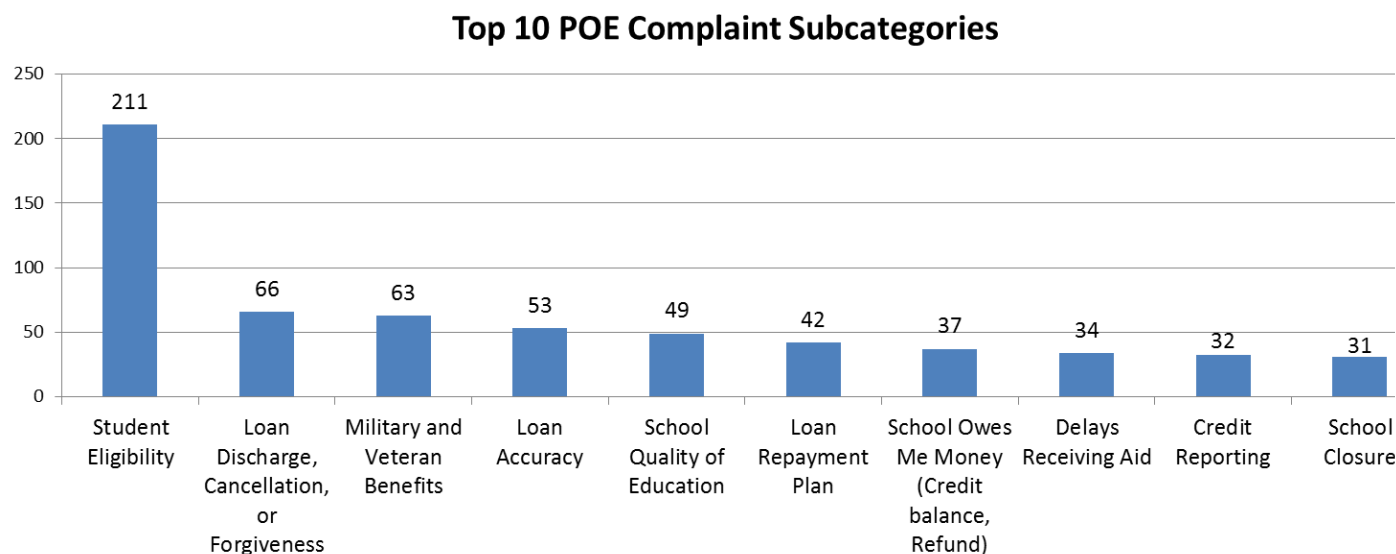
Figure 11: Principles of Excellence (POE) Complaints by Category

Principles of Excellence (POE) Complaints by Category



A further examination of the POE complaint subcategories most frequently submitted (Figure 12 on the following page) finds that student eligibility—a school-related subcategory—accounts for more than 200 complaints (approximately 29 percent of all POE complaints).

Figure 12: Top 10 POE Complaint Subcategories



Loan discharge, cancellation, or forgiveness; military and veteran benefits; loan accuracy; and school quality of education together account for a comparable number of complaints (231, or 31 percent of all POE complaints).

EXAMPLE | POE COMPLAINT ABOUT STUDENT ELIGIBILITY

Despite not meeting the FAFSA[®] requirements to apply for federal student aid as an independent student and being told she could not be considered an independent student by her school, the customer—a military service member—wanted clarification from ED about her dependency status. The customer believed because she was expecting a child that would be born during the award year for which the FAFSA form was being completed, she should be considered an independent student.

Outcome: FSA contacted the school and provide information from the “Federal Student Aid Handbook” that supported the student’s status as an independent student. After reviewing the information in the handbook, the school determined the student could apply as an independent student.

Customer matters specific to the GI Bill and other DoD and VA education benefit requirements that are administered by schools are referred to the appropriate agency.

FSA’s referral process includes providing the customer’s name, contact information, specific details of the complaint, and a referral number to the appropriate agency to

address the matter with the school and/or customer. FSA provides the customer the referral number for any follow-up contact with the appropriate agency.

ED and the U.S. Department of Defense (DoD) provide special student loan benefits and repayment options for servicemembers. One such benefit is the six-percent student loan interest rate cap provided by the Servicemembers Civil Relief Act (SCRA) during periods of active duty.

In November 2016, the Government Accountability Office (GAO) released a report about how federal agencies could strengthen the oversight SCRA interest rate caps, including the cap on federal student loans. The GAO recommended that FSA identify ways to modify the data collected in its feedback system to be able to more precisely identify and analyze complaints related to the SCRA interest rate cap.

In December 2016, FSA implemented an option in the feedback system that allows customers to indicate that they receive SCRA benefits. FSA also conducted key word searches for terms such as, “SCRA,” Civil Relief,” “interest cap,” and “Interest rate cap,” to further identify, monitor, and analyze customer complaints specifically about the application of the SCRA interest rate cap.

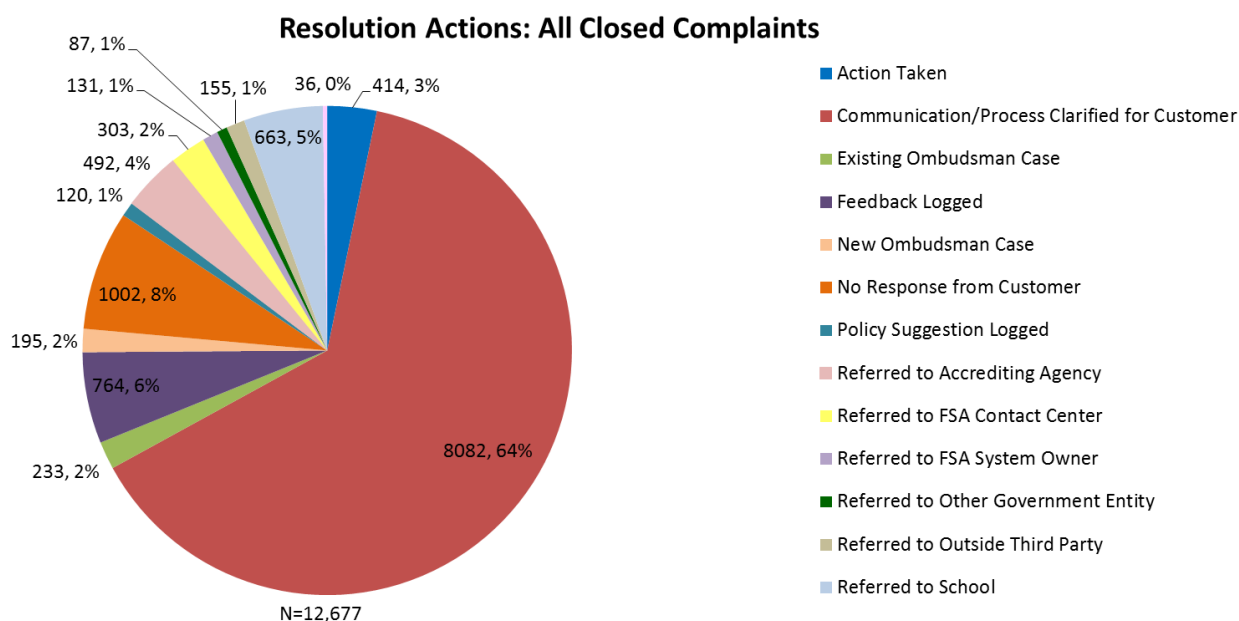
Applying the word search criteria, in conjunction with the SCRA flag, resulted in six complaints and one submission of positive feedback. In general, the complaints were about eligibility for SCRA benefits and policy suggestions for improving SCRA benefits.

Closed Complaints and Resolution Actions

Between July 1, 2016, and June 30, 2017, Federal Student Aid closed 12,677 complaints. On average, it takes 46 days to close a complaint. Seventy-six percent of all cases closed between June 1, 2016, and June 30, 2017, were closed within 60 days.

In 64 percent of closed cases, a communication or process was clarified for a customer (8,082 cases) (Figure 13 on the following page). Examples of the types of communications or processes that are clarified for customers include explaining how interest accrues or the criteria to qualify for a deferment.

Figure 13: Resolution Actions: All Closed Complaints



In eight percent of closed cases, customers did not respond to multiple follow-up requests for additional information related to their complaints (1,002 cases). Generally, customers are asked for additional information when their original complaint lacks sufficient information to research and resolve the case.

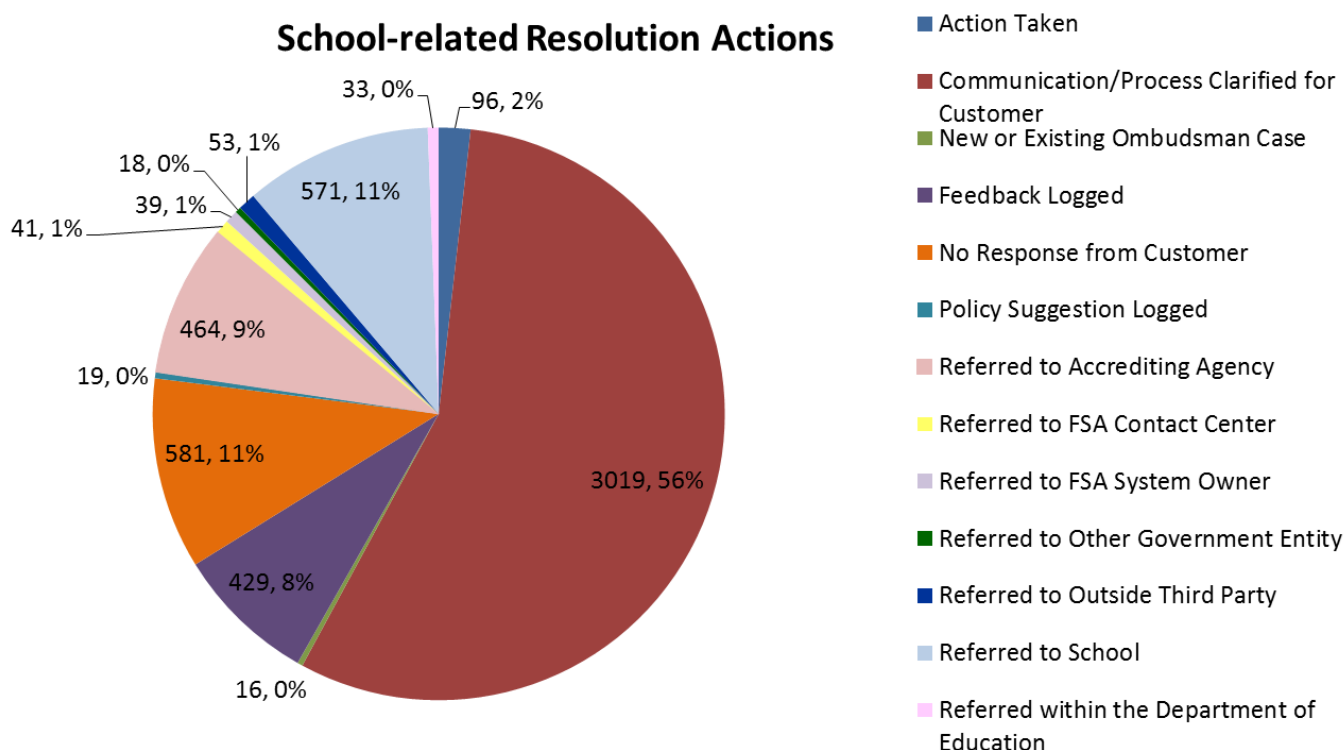
Figure 13 also shows that in six percent of closed cases, customer feedback was logged (764 cases). One or more actions was taken in 414 cases (three percent). Examples of types of actions taken include issuing a refund to a customer and applying an administrative forbearance on a delinquent account to bring the account current. Complaints were referred to an appropriate entity in other instances. Referred cases are discussed in greater detail on pages 31–33.

When a complaint was submitted and the case worker determined that the Ombudsman Group already was working to resolve a dispute involving the same issue for the customer, the case in the feedback system was closed and coded “Existing Ombudsman” (233 complaints in Figure 13). Similarly, when a complaint was submitted about an issue outside the scope of the feedback system—about a FFEL servicer, for example, for which the Ombudsman Group handles all research and resolution—the feedback system case was closed and coded “New Ombudsman,” and a new case in the ombudsman system was opened (195 cases in Figure 13). The resolution codes, “Existing Ombudsman” and “New Ombudsman” were added to the feedback system this

year. However, later in Fiscal Year (FY) 2018, the Ombudsman system and the FSA feedback system will be merged. Once the systems are merged, the resolution codes “Existing Ombudsman” and “New Ombudsman” will no longer be necessary.

Figure 14 provides a more in-depth examination specifically of closed school-related complaints. Fifty-six percent (3,019 cases) were closed by communicating or clarifying a process for a customer, some type of feedback was logged in eight percent (429), and one or more actions was taken in two percent (96 cases).

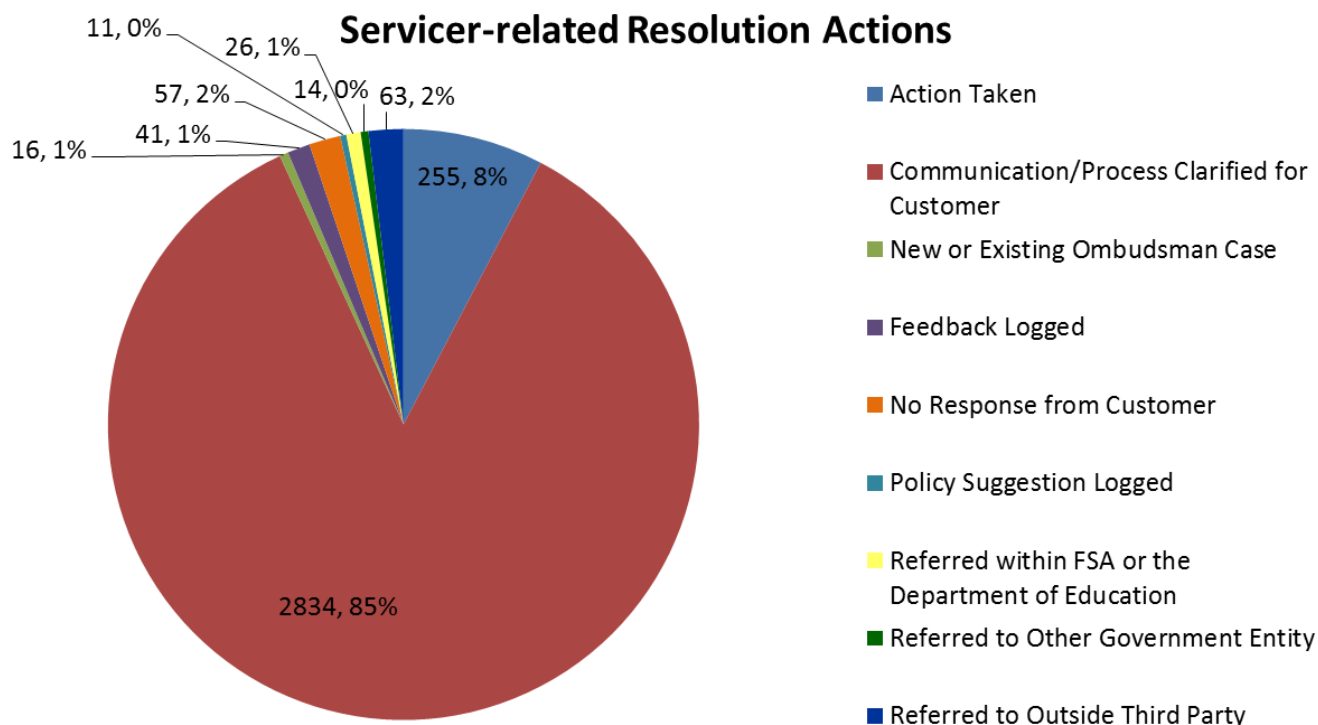
Figure 14: School-related Resolution Actions



Customers did not respond to multiple requests for additional information—necessary to adequately research and resolve school-related complaints—resulting in 581 cases (11 percent) being closed with the code “No Response from Customer.” A policy suggestion was logged for 19 cases.

Figure 15 shows that more than three-quarters (85 percent or 2,834 cases) of servicer-related complaints resulted in explaining a process or providing some other clarifying information to the customer, 255 cases (eight percent) resulted in some form of action taken, and feedback was logged in 41 cases.

Figure 15: Servicer-related Resolution Actions



Closed Cases

Fifty-seven cases were closed because customers did not provide additional information necessary to resolve the case, and a policy suggestion was logged in 11 cases. Cases were most often closed after clarifying a communication or process for the customer (Figure 13 on page 27). In general, “Communication/Process Clarified” means that a previous communication, a student loan-related process, or the customer’s account is explained, clarified, and/or documented. “Communication/Process Clarified” does not involve activity that corrects the customer’s account or guidance previously provided to the customer.

Table 1: Example | Case Closed After Clarifying a Communication or Process

EXAMPLE CASE CLOSED AFTER CLARIFYING A COMMUNICATION OR PROCESS	
Case Summary:	The student believed he should be considered an independent student, even though his parents claimed him on their taxes. His school determined he did not meet the criteria to be an independent student, therefore, denied the student's request to override his dependency status for financial aid. The student appealed his school's decision to ED.
Steps FSA Took to Research the Case:	FSA confirmed that the student did not have any special circumstances, as described in the <i>Federal Student Aid Handbook</i> , to be considered independent. FSA also confirmed that the parents' tax return information was included in the prior year FAFSA form.
Case Outcome:	The reason for the school's denial to override his dependency status was explained to the student. The case worker also explained to the student that professional judgment decisions made by institutions are final and cannot be appealed to ED.

When the circumstances neither required a specific communication or process to be clarified nor a specific action or actions to be taken, customers' feedback was simply noted—code as “Feedback Logged”—in the system. Other times, customers fail to provide follow-up information necessary to research and resolve a case, resulting in the resolution action “No Response from Customer.”

Table 2: Example | Case Closed After No Response from Customer

EXAMPLE CASE CLOSED AFTER NO RESPONSE FROM CUSTOMER	
Case Summary:	A student complained about how a school treated one particular student who indicated on the FAFSA [®] form that he or she is homeless.
Steps FSA Took to Research the Case:	When FSA contacted the school, the school indicated there was no student enrolled with the student's name. FSA emailed the complainant to request additional information in order to fully research the complaint.
Case Outcome:	After the complainant failed to respond to multiple requests, the case was closed as “No Response from Customer.”

An “Action Taken” for a closed case could include making a change to an account, correcting an inaccuracy, or completing a process. “Action Taken” also could involve a servicer correcting customer accounts or processing an application that had not been initiated or was in process prior to submission of the complaint via the feedback system, as well as correcting website data or information, updating a credit report, or any other activity that would change a customer account and/or a servicer’s processes.

Table 3: Example | Case Closed After an Action Was Taken

EXAMPLE CASE CLOSED AFTER AN ACTION WAS TAKEN	
Case Summary:	Customer attended a Florida college and received tuition assistance from the military. She is in the Navy, and has been stationed overseas. Since she received her student loan, she has been in deferment because she has been attending school or has been deployed overseas. She sent the school her military orders stating the she was overseas, as well as proof of her military deferment. Her loan account now shows she is in a deferment status, however, on her credit report, the account shows she made late payments four times.
Action FSA Took:	The servicer reviewed the customer’s loan account and letter from her commanding officer indicating her deployment operation and effective dates.
Case Outcome:	The servicer applied the “Military Deferment” designation to the account, which was updated to reflect the period of her deployment. The servicer also submitted a credit retraction to the credit bureaus.

Referred Closed Cases

Among all complaints closed between July 1, 2016, and June 30, 2017, approximately 15 percent (1,867 cases) were closed as referrals. Typically, cases are referred when a complaint falls outside the authority conferred on FSA by the *Higher Education Act of 1965*, as amended. For example, accrediting agencies are responsible for ensuring that postsecondary institutions provide a quality educational program, maintain satisfactory physical facilities, and have qualified instructional staff. Complaints related to such areas would be coded “Referred to Accrediting Agency.” However, before referring such cases to another entity, the cases are reviewed to determine if there are alleged *Title IV* school participation and/or administration compliance issues that also should be addressed.

EXAMPLE | COMPLAINT REFERRED TO AN ACCREDITING AGENCY

A school is alleged to have recruited a customer online for a one-year Master's degree program. The customer's complaint indicated that the quality of education was extremely poor, the school was not properly accredited, and the school was overpriced for the quality of education provided.

If a complaint is determined to be within the authority of a school, after confirming the complaint does not contain *Title IV* school participation and/or administration compliance issues, the complaint is referred directly to the institution to review and take appropriate action.

EXAMPLE | COMPLAINT REFERRED TO A SCHOOL

A student was billed more than \$2,000 for supplies after attending a school only for four days.

After a careful review, some complaints unrelated to *Title IV* matters may need to be directed to an office within ED or to another federal agency. For example, complaints about third-party debt relief companies may be escalated to the FSA Enforcement Office or the ED Office of General Counsel based on documents and other evidence a customer provides. Similarly, complaints about private loans and matters related to veteran benefits also may be referred.

EXAMPLE | COMPLAINT REFERRED TO THE VETERANS ADMINISTRATION

A customer alleged a school is not friendly to military service members and does not process VA education benefits in a timely manner.

Some complaints submitted are, in fact, questions or requests for troubleshooting support that can be provided by one of FSA's customer service channels, like FSAIC or the FSA Ombudsman.

Prior to the addition of the resolution actions, "New or Existing Ombudsman Case," which was described earlier, many of the cases categorized as "referred to FSA Contact Center" were complaints referred to the FSA Ombudsman. Since this change was implemented mid-year, "Referred to FSA Contact Center" still contains complaints in which the feedback pertained to loans in the FFEL and Perkins Loan programs not held and serviced by ED, or to a complaint currently—or previously—being worked by the FSA Ombudsman.

Of the 5,379 school-related complaints closed between July 1, 2016, and June 30, 2017 (Figure 13 on page 27), 1,219 were referred. The majority were referred to a school (571 cases) because they were about matters unrelated to *Title IV* aid, while 464 were referred to an accrediting agency, 53 went to an outside third party, 41 went to an FSA contact center, 39 went to an FSA system owner, 33 went to an office within ED; and 18 went to another government entity.

Of the 3,630 servicer-related complaints closed (Figure 15 on page 29), 103 were referred. Sixty-three cases were referred to an outside third party, 26 went within FSA or ED, and 14 went to another government entity.

Policy Suggestions Logged

One hundred twenty closed cases (Figure 13 on page 27) resulted in a policy suggestion being logged. Understanding customers' ideas about how to improve the federal student aid programs through policy, as well as through process improvements, is important. Policy suggestions logged included a wide range of ideas about expanding the eligibility criteria for *Title IV* eligibility and changing the criteria for dependency status to allow more students to be independent. Other policy suggestions included allowing customers to select their federal loan servicer, changing the formula that stipulates how loan payments are applied to the principal balance and interest charges, and allowing federal student loan servicers to accept credit card payments. Policy suggestions also were made related to accepting U.S. Railroad Retirement Board disability determinations for the discharge of federal student loans, broadening the selection of loans that qualify for loan forgiveness and changing the rules that govern forgiveness programs, as well as eliminating the tax liability on loan discharge amounts and changing credit bureau reporting requirements for negative information.

Customer Satisfaction with Closed Cases

Using customer satisfaction-level data in conjunction with other system data gives FSA insight into customers' experiences and allows FSA to identify opportunities to enhance the quality and consistency of service and communications customers receive.

Once a complaint has been closed, customers using their FSA ID have the opportunity to rate their level of satisfaction with their case outcome. Customers are asked, "How satisfied are you with the outcome of your complaint?" and can enter a value ranging from "Very Dissatisfied" to "Very Satisfied." Additionally, the customer can enter comments in a text box. During the reporting period, nearly 4,300 complaints were closed in which the customer used their FSA ID, and as such, were eligible to rate their level of satisfaction with the case. As of June 30, 2017, approximately four percent (186) of the eligible closed cases received a resolution satisfaction score. Eighty-nine

percent of customers who completed the survey indicated they were “Very Dissatisfied” or “Dissatisfied” with the outcome of their case.

FSA recognizes the option that allows a customer to rate his or her level of satisfaction with a case outcome has not been utilized enough to provide meaningful analysis. FSA will work to develop a way to increase customer feedback related to satisfaction of case outcomes.

SECTION 3.3 | POSITIVE CUSTOMER FEEDBACK

Customers can provide positive feedback about their experiences with FSA, schools, servicers, and other entities involved with the application, receipt, or repayment of federal student aid, including PCAs. Of the 665 cases submitted as positive feedback between July 1, 2016, and June 30, 2017, 95 percent (630 cases) were, in fact, positive feedback. The remaining five percent (35 cases) were suggestions about processes, policy, or technology enhancements.

Of the 630 cases of positive feedback, the majority were about customer service delivered by one of FSA’s contact centers. Customers sought assistance related to a variety of topics, including asking general questions about or needing step-by-step help with the FAFSA form; resolving issues related to submitting the FAFSA form or logging in to an ED system with an FSA ID; and applying for a repayment plan or loan consolidation.

EXAMPLES | FSA CONTACT CENTER POSITIVE FEEDBACK

A customer wanted to fill out a new FAFSA, but the customer had not accessed the FAFSA form since the before the PIN was replaced by the FSA ID. A young man in an FSA call center walked the customer through the entire process by phone. The customer service representative stayed on the line until the customer confirmed account access. The customer indicated that the customer service representative was professional and terrific.

A customer indicated that a customer service representative answered all of the customer’s questions! The customer is a first-generation college student and said it was comforting to be guided through each step needed to fill out and submit the FAFSA form.

Positive feedback examples also included praise for financial aid professionals at schools, as well as favorable comments about service providers such as PCAs and servicers.

EXAMPLES | SCHOOL- AND SERVICER-RELATED POSITIVE FEEDBACK

A student commended the school's advisor and the advisor's team for caring so much about the student's education.

With the help of a loan servicing customer service representative, a borrower found it easy to understand options for loan consolidation, actually do the loan consolidation, and set up auto-pay.

Four percent (28) of positive feedback cases were submitted by members of the military, veterans, or their dependents. One case related to SCRA involved a customer consolidating loans and working with the servicer to resolve an issue with an SCRA benefit. Other cases of positive feedback related to members of the military, veterans, or their dependents include feedback around the experience of filling out the FAFSA, resolving log-in issues relating to the customer's FSA ID, or answering questions relating to loan repayment or consolidation options with their servicer.

SECTION 3.4 | CUSTOMER REPORTS OF ALLEGED SUSPICIOUS ACTIVITY

When FSA receives information about an entity or a person believed to have violated federal laws regarding federal student aid, FSA investigates the claim and takes action accordingly. Customers' identities are protected in accordance with the Department of Labor's Whistleblower Protection Program.

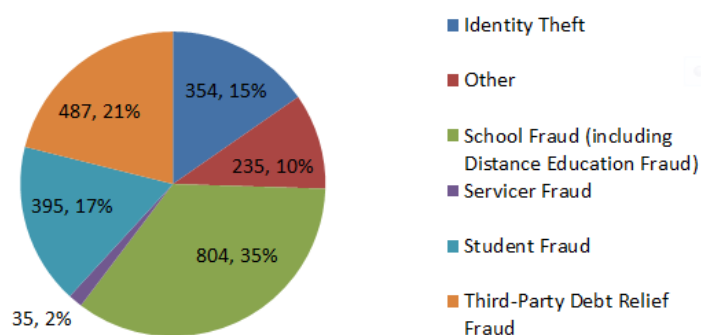
In its efforts to safeguard taxpayer dollars, FSA designed the feedback system to solicit reports from customers about practices or activities they suspect or *perceive* to be fraud, waste, or abuse. In the early months of the feedback system, FSA deliberately provided wide latitude for customers to report suspected suspicious activity. Because FSA did not provide customers examples of activities that could constitute suspicious activity, in many cases, the customers submitted a complaint, but categorized it as an allegation of fraud. In some instances, customers submitted both a complaint and an allegation of fraud for the same issue that was, in fact, a complaint based on the description of issue submitted.

In April 2017, FSA added to the feedback system examples of what does and does not constitute suspicious activity or fraud. For example, language on the feedback system now explains that the use of stolen information to create an FSA ID and apply for federal student aid could constitute identity theft. Examples also are provided for actions that could meet the definition of school, distance education, and student fraud. Despite these efforts, cases still are being submitted that customers classify as allegations of fraud, but that, upon close examination, are complaints and not allegations of fraud.

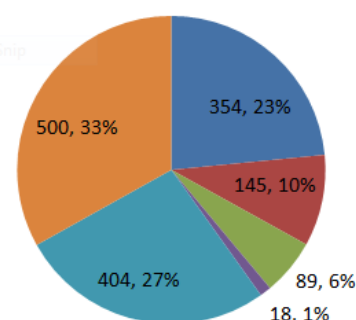
The chart labeled, “Allegations of Suspicious Activity,” in Figure 16 shows that 2,310 reports of alleged suspicious activity were submitted via the feedback system.

Figure 16: Allegations of Suspicious Activity and Allegations of Fraud

Allegations of Suspicious Activity



Allegations of Fraud



The most frequent categories were alleged school fraud, including distance education fraud (804 cases or 35 percent), third-party debt relief fraud (487 cases or 21 percent), and student fraud (395 cases or 17 percent), followed by identity theft (354 cases or 15 percent) and “other” (235 cases or 10 percent).

Typically, “Other” includes cases about matters unrelated to federal student aid and cases that cannot be easily categorized. Alleged reports about servicer-related fraud accounted for 35 cases, while there were 33 cases about distance education fraud. All allegations of fraud are referred to the OIG, which assesses each allegation and determines if an investigation is warranted.

In-Depth Analysis of Allegations of Suspicious Activity

Following the thorough examination of each report of alleged suspicious activity—based on the *content* of the case submitted by the customer— subject matter experts determined whether customers categorized the cases appropriately as suspicious

activity. The result of that work is reflected in the chart titled, “Allegations of Fraud,” in Figure 16 on the previous page.

After the analysis, there were 1,510 allegations of fraud with the most allegations being about third-party debt relief (500 cases or 33 percent). There were 404 cases related to allegations of student fraud (27 percent), 354 cases (23 percent) about identity theft fraud, and 145 cases categorized as “other” (10 percent). The analysis resulted in 89 cases of alleged school fraud, including distance education fraud, and 18 cases of alleged servicer-related fraud.

In addition to reporting all complaints and allegations of fraud to the FTC Sentinel weekly and referring all allegations of fraud to the OIG, FSA’s Enforcement Office also works with ED’s OGC regarding allegations of suspicious activity by third-party debt relief companies. If FSA and OGC determine that a debt relief company is misrepresenting an affiliation with ED (e.g. using the ED seal without authorization), OGC will issue the debt relief company a cease and desist letter.

When complainants provide their contact information, case workers contact them to explain that ED is not affiliated with third-party debt relief companies. Case workers also direct customers to resources to help customers avoid debt relief scams, inform them about free repayment services ED offers, and help them get assistance if customers have been a victim of a scam.

EXAMPLE | ALLEGATION OF SUSPICIOUS ACTIVITY BY THIRD-PARTY DEBT RELIEF COMPANIES

A borrower received information by mail from a student loan organization with the borrower’s name and address printed on the front. The letter said the company was [*company name omitted*] and had a check attached. The borrower called the phone number in the letter; the person answering the phone claimed the company could reduce the borrower’s debt by 50 percent. The company requested the borrower’s FSA ID, but the borrower refused to provide it. The borrower found the company’s outreach suspicious.

Between July 1, 2016, and June 30, 2017, 1,308 allegations of fraud were closed (Figure 17).

Figure 17: Closed Allegations of Fraud by Resolution Action

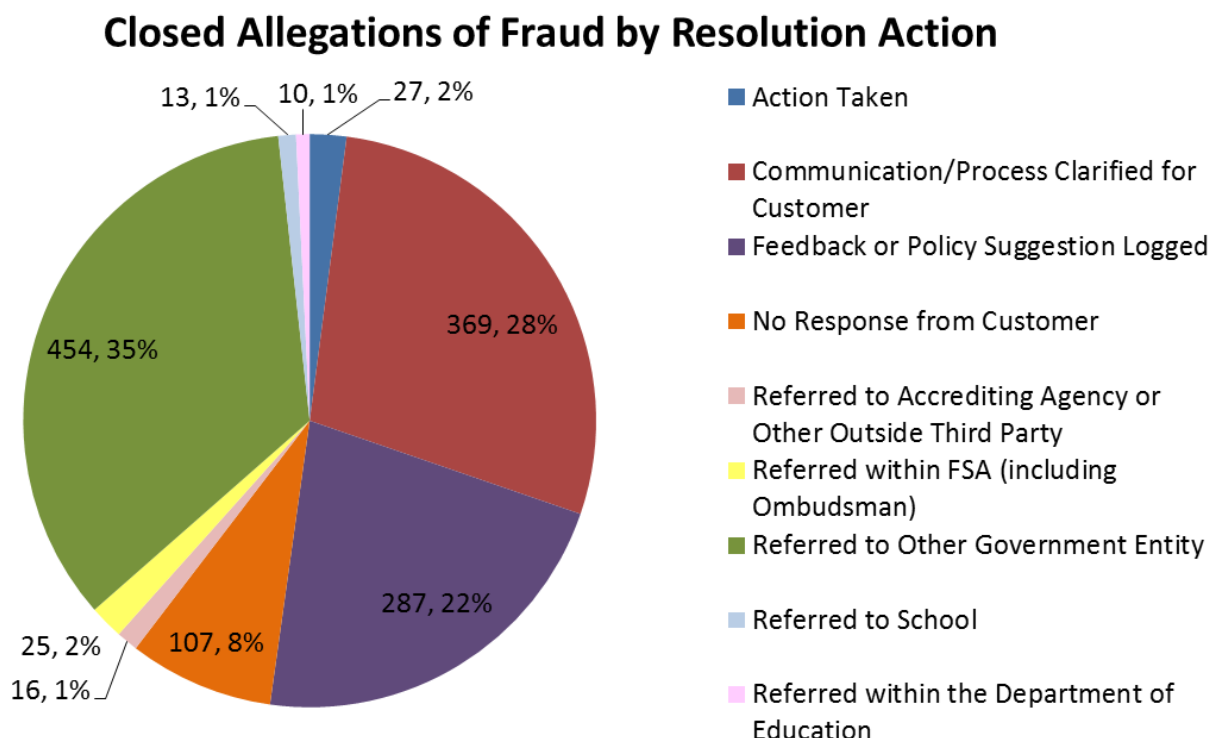


Figure 17 shows the majority (454 cases or 35 percent) of closed allegations of fraud cases were referred to other government entities, such as the FTC, CFPB, IRS, and SSA. Twenty-eight percent of cases (369) were closed after a communication or process was clarified for the customer, while 22 percent (287 cases) were closed with feedback or a policy suggestion logged.

Customers did not respond to multiple requests for additional information needed to research the allegation, and therefore, eight percent of the cases (107) were closed with the code “No Response from Customer.” The remaining cases (91 or seven percent) were closed after an action was taken or a referral was made either within FSA (including to the Ombudsman Group) or ED, to an accrediting agency or other outside third party, or to a school.

Alleged Fraud Submitted by Members of the Military, Veterans, or Their Dependents

Of the 1,510 cases of alleged fraud, 59 were submitted by members of the military, veterans, or their dependents. Eighteen cases were about identity theft, 14 were about third-party debt relief, 10 were about school fraud, and six were about student fraud. Eleven cases were categorized as “other.” Examples of “Other” include cases about matters unrelated to federal student aid and cases that cannot be easily categorized.

Section 4 | Using Feedback to Improve Operations

FSA continues to use feedback received through the system to improve customer service and enhance the delivery and oversight of federal financial aid programs.

Due, in part, to address the growing number of complaints and allegations of fraud related to third-party debt relief, this year, FSA formed an enterprise-wide workgroup focused exclusively on mitigating negative FSA customer impacts related to third-party debt relief companies. The workgroup had two primary objectives: (1) consolidate all information about, as well as activities and/or actions FSA and ED have taken related to third-party debt relief companies, and (2) develop a list of possible solutions for addressing third-party debt relief company issues. Further, FSA is leading an interagency workgroup with members from other government entities that will bring our collective resources and authorities to bear to eliminate the harm to consumers caused by unscrupulous third-party debt relief companies.

In May 2017, FSA added language to the FSA ID terms and conditions and log-in banner for the online income-driven repayment plan request. The banner language will allow the ED Office of Inspector General (OIG) to more effectively investigate and prosecute third parties who improperly create, access, or make changes to FSA ID accounts for commercial advantage or private financial gain. The banner language was added to the 2018–19 FAFSA form when it became available in October 2017.

Also in October 2017, FSA launched a new web page—[StudentAid.gov/loanscams](https://studentaid.gov/loanscams)—to provide federal student loan borrowers with information about how to avoid debt relief scams, what to do if they have been defrauded by a debt relief company, and where to get free help with their federal student loans.

Additionally, FSA is engaging with consumer reporting agencies, the Consumer Data Industry Association, the Metro2 Taskforce, and other federal agencies to improve the accuracy and consistency of credit reporting based, in part, on customer complaints.

Furthermore, with more than one year of feedback system operations complete, FSA has used feedback from schools and FSA case workers to refine processes and procedures related to the system, as well as to recommend system improvements slated for implementation. Once the feedback system launched in 2016, FSA retired an in-house database used to track school-related complaints that did not allow FSA to interact with customers or schools to resolve the complaints. FSA has migrated legacy cases from the retired database into the feedback system to allow for better

collaboration between the customer and partners, more timely resolution of customers' issues, and better protection of customer data.

FSA currently is considering the development of an interface with the feedback system that will help schools better resolve customer feedback. The partner portal will be used to securely transmit documents related to cases, as well as to facilitate more timely communications for customers. In FY 2018, FSA aims to begin the pilot for schools' use of the partner portal. FSA will solicit and analyze feedback from the pilot's participants and determine a long-term strategy to collaborate effectively to address customer feedback related to the more than 6,000 schools that participate in the *Title IV* programs.

Through feedback, FSA also has identified areas for improvement or additional monitoring and oversight related to federal loan servicing. Most recently, FSA implemented process changes that improve how appeals and disputes are handled in the TEACH and PSLF programs. Additionally, FSA continues to closely monitor complaints about IDR recertification in order to improve customers' repayment experiences and outcomes.

Including controlled correspondence about complaints, positive feedback, and reports of alleged suspicious activity in the feedback system has allowed FSA to better identify and monitor escalated issues. By analyzing issue trends, FSA can enhance program operations and related communications to students, parents, borrowers, institutions, and others. In response to feedback from students, families, and the higher education community about the impact of the suspension of the Internal Revenue Service Data Retrieval Tool (IRS DRT) on students and families selected for verification of their FAFSA form/Institutional Student Information Record information, ED provided institutions with flexibilities they could use as part of their 2016–17 and 2017–18 FAFSA[®] processing and verification procedures.

In the coming months, FSA plans to improve the feedback system to modify the customer portal to improve customers' classification of their feedback, as well as to continue to refine broad subcategories, such as "Student Eligibility," to improve automatic case routing. Additional enhancements for allegations of suspicious activity under consideration include updates to text; additional knowledge articles; a link for whistleblowers and a link directly to the ED Office of Inspector General (OIG); and the option for customers to select a third-party debt relief company (if known) from a drop-down menu and/or enter the company's information into the web form when submitting complaints or allegations of suspicious activity.



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Terms Defined

Foreign Institution

A school of higher education located in a foreign country or territory.

Not-For-Profit Servicers (NFPs)

Nonprofit companies that service federal student loans—by collecting payments, providing customer service, etc.—on behalf of ED.

Private Collection Agency (PCA)

A company contracted to collect on defaulted federal student loans on behalf of ED.

Private, Nonprofit Institution (PNP)

A private, not-for-profit school of higher education.

Proprietary Institution

A private, for-profit school of higher education.

Public Institution

A school of higher education administered and partly funded by state or local government.

Loan Servicer

A company that, on behalf of ED, helps borrowers manage their federal student loans, responds to customer service inquiries, handles billing and payments, and performs other administrative tasks associated with maintaining a federal student loan.